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TAGS: [PREL](#) [KCRM](#) [PGOV](#) [PINR](#) [KDEM](#) [UNMIK](#) [YI](#)  
SUBJECT: KOSOVO: BELGRADE'S COORDINATION CENTER VIEWED  
WITH CONTEMPT BY KOSOVO SERBS SOUTH OF THE IBAR

REF: PRISTINA 941

Classified By: COM TINA KAIDANOW FOR REASONS 1.4 (B) AND (D).

11. (C) SUMMARY. Several prominent Kosovo Serbs shared with us their disdain for the Coordination Center for Kosovo and Metohija (CCK), the Serbian state institution established ostensibly to take care of their needs. Moderates and hardliners alike called the CCK a "money laundering" operation, saying that its primary functions are to funnel money into corrupt private pockets and to manipulate the Kosovo Serb population into supporting Belgrade's policies. Those we spoke to, including current and former CCK employees, complained that the CCK focuses primarily on northern Kosovo, and neglects the majority of Kosovo's Serbs who live south of the Ibar River. All were skeptical that Belgrade's new national investment plan for Kosovo will improve the lives of Kosovo Serbs. Several said that the best way to help Kosovo Serbs would be for the Kosovo Energy Corporation (KEK) to forgive the past seven years of unpaid electricity bills, and allow Kosovo Serbs to make a fresh start. END SUMMARY.

SERBS CALL THE CCK A "MONEY-LAUNDERING" ORGANIZATION

12. (C) In separate meetings on November 13, moderate MP and member of the Serbian List for Kosovo and Metohija (SLKM) Randjel Nojkic and the president of the executive board of the Gracanica branch of the hardline Serbian National Council (SNC) Dragan Velic both described Belgrade's Coordination Center for Kosovo and Metohija (CCK) as a "money-laundering" operation that funnels Serbian government funds into corrupt private pockets. Velic -- himself former regional CCK coordinator for central Kosovo -- said that part of the money for every CCK-funded project is misappropriated.

13. (C) Nojkic asserted that the CCK exists partly to buy off loyal local Kosovo Serb leaders, and partly to manipulate the population so they will continue to support Belgrade's policies. He showed us a file of evidence that he said clearly documents fraudulent usage of CCK funds. He said he sent the file to Serbian Prime Minister Vojislav Kostunica in 2005, but never received a response. Nojkic claims that much

of the money that the CCK sends to Kosovo for humanitarian aid and development projects is instead used by corrupt local Serb leaders to purchase private homes and businesses in Serbia proper. He mentioned former Deputy CCK chief Milorad Todorovic as one example, saying that Todorovic (a doctor) used misappropriated CCK funds to build himself a private hospital in Cupria, in central Serbia.

14. (C) Nojkic highlighted a common scam whereby local Serb officials receive in-kind or monetary contributions from the Kosovo Consolidated Budget (KCB) for things like firewood for heating schools and then request and often receive funds for duplicate items from the CCK. Nojkic said that local Serb officials deny that they receive any funding or assistance from the Provisional Institutions of Self Government (PISG) in Pristina, and that local Serbs believe what their leaders tell them -- that all assistance comes from Belgrade via the CCK. This allows local coordinators to receive duplicate funding and pocket the difference. Nojkic pointed out that the total lack of coordination between the CCK and the PISG allows such scams to go unnoticed.

15. (C) Velic, who is currently employed by the CCK as the head of the Kosovo branch of Belgrade's Commissariat for Refugees, took the party line when he told us that Kosovo Serb refugees receive no humanitarian aid from the PISG. However, local CCK coordinator for Ferizaj/Urosevac municipality Slavko Janicijevic contradicted this claim when he told us that the 700 Kosovo Serb internally displaced persons (IDPs) from Ferizaj/Urosevac (currently residing in Lipljan municipality) receive humanitarian assistance from both the CCK and Pristina; Janicijevic said he coordinates with Pristina to make sure there is no duplication of

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efforts. He accused municipal officials in Lipljan, including the ethnic Serb additional deputy mayor, of being corrupt.

CENTRAL KOSOVO SERBS GET ONLY "CRUMBS" FROM THE CCK BUDGET

16. (C) Nojkic, Velic, Janicijevic and SLKM MP and former Strpce mayor Sladjan Ilic all complained bitterly that the CCK sends most of its funding to northern Kosovo and neglects the majority of Kosovo Serbs who live south of the Ibar River. Velic said that central and southern Kosovo Serbs know that they are "getting only crumbs" from the CCK budget, but have no recourse. They all asserted that the situation is either unchanged or worse since Sanda Raskovic-Ivic took over from Nebojsa Covic as CCK chief in August 2005. Velic and Ilic both said that when they were CCK coordinators, Belgrade routinely approved only a tiny percentage of their overall budget requests. Both complained that the funding they received was disproportionally small compared to population percentages in their regions.

CCK FUNDING FOR KOSOVO: BIG PROMISES, LITTLE ACTION

17. (C) None of the Kosovo Serbs we spoke to had much hope for Belgrade's recently announced national investment plan for Kosovo. Ilic called it a Serbian "Santa Claus" program for Kosovo, but doubted that any funds will reach south of the Ibar. Velic ridiculed a recent CCK project to clean a river in Gracanica, saying that it has already been cleaned twice by the Kosovo government, and cleanup is pointless because there is no retaining wall upstream to prevent a local dump from seeping into the river. A Kosovo Serb teacher from a village outside Gracanica told us that local Serbs are disillusioned about long-standing promises of assistance from the CCK that have never materialized -- for example, the promise to repave the road linking Laplje Selo and Gracanica. Ilic said that CCK deputy chief Nenad Popovic recently promised electricity for Kosovo Serbs, but so far has delivered nothing (reftel).

SERBS WANT AMNESTY FOR PAST ELECTRICITY DEBTS

¶18. (SBU) Kosovo Serbs are very concerned about what they claim to be ongoing and drastic power cuts to Serbian enclaves. (Note: None of the enclaves we visited in Gracanica, Gnjilane and Strpce had electricity, although two venues were running on generator power. End Note.) Nojkic, who also heads the Kosovo branch of the Serbian state-owned post and telecom company (an unrecognized parallel institution), told us that Gracanica is now getting less than four hours of electricity per day. He insisted that the only acceptable way forward is for the Kosovo Energy Corporation (KEK) to forgive past debts. Nojkic said that Kosovo Serbs are willing to pay for their current and future electricity usage, but are not willing to sign KEK contracts that require acknowledgment of and willingness to pay seven years' worth of unpaid electricity bills.

¶19. (SBU) Janicijevic agreed, saying that on his 120 euro a month salary, he has no hope of ever paying off his current 4,500 euro debt to KEK. He said it is difficult for him to fulfill his role as CCK coordinator and try to convince people to return when there are no economic prospects and people will be saddled with a tremendous debt they cannot repay. His colleague, Dragan Krstic, told us that he and many other Kosovo Serbs in Lipljan have their houses on the market and will leave Kosovo as soon as they sell their homes. Krstic and Janicijevic agreed that one way to keep Serbs in Kosovo would be to forgive their past electricity bills, and allow them to start over with a clean slate. Janicijevic said that he and many other Serbs want to stay and fulfill their obligations as citizens, but said it is unreasonable to expect them to pay these enormous sums.

¶10. (C) COMMENT. Kosovo Serbs south of the Ibar tend to be highly critical of the CCK -- the Serbian state institution

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that is supposedly looking out for them. Willingness on the part of these enclave Serbs even to discuss paying for current and future electricity usage seems to be a departure from their stance in recent years and may signal an inclination to become more involved generally with Kosovar institutions. USOP has tried unsuccessfully in the past to arrange meetings between KEK officials and Kosovo Serb leaders to discuss payment arrangements; as final status draws near, the time may now be more auspicious. We will follow up and encourage both sides to be flexible and look for other areas where the PISG can deliver for enclave Serbs.  
END COMMENT.

¶11. (SBU) Post clears this message in its entirety for release to Special Envoy Martti Ahtisaari.  
KAIDANOW